

Message Text

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FOR ENDERS AND KATZ

FOL REPEAT KUWAIT 2765 SENT ACTION SECSTATE JUNE 30, 1975

QUOTE

UNCLAS KUWAIT 2765

DEPARTMENT PASS USDA

E.O. 11652: NA

TAGS: EAGR, EIND, ETRD, KU

SUBJ: KUWAIT VIEWS ON FERTILIZER SITUATION

1. SENIOR KUWAITI OFFICIALS RESPONSIBLE FOR FERTILIZER PRODUCTION AND SALES HAVE EXPRESS SOME CONCERN OVER WORLD FERTILIZER SITUATION. HOWEVER, ABD AL-BAQI MOURI, CHAIRMAN OF PETRO-CHEMICALS INDUSTRIES COMPANY (PIC, WHICH RECENTLY ABSORBED ITS SUBSIDIARY, KUWAIT CHEMICAL FERTILIZERS COMPANY) HAS TOLD LOCAL NEWSMEN THAT KUWAITI FERTILIZER PRODUCTION WILL REMAIN AT PRESENT LEVELS. IN 1974, WHEN PIC'S PROFITS ZOOMED TO SOM KD24 MILLION (KD 1 EQUALS \$3.50), PRODUCTION WAS 8000,000 TONS.

2. NOURI AS REPORTED IN THE PRESS AND SENIOR PIC OFFICIALS IN
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CONVERSATIONS WITH EMBOFF HAVE EXPRESSED SOME DISQUITE OVER

FERTILIZER MARKETING OUTLOOK. BUT LONG TERM CONTRACTS WITH CHINA, INDIA AND OTHER COUNTRIES AND JUDEMENT THAT LONG TERM DEMAND PROSPECTS ARE GOOD HAVE ALLOWED KUWAITIS TO REMAIN BASICALLY OPTIMISTIC. NEVERTHELESS, PLANS FOR EXPANSION WHICH HAD BEEN UNDER DISCUSSION WITHIN PIC, ARE NOW ON BACK BURNER.

3. IN COMMENTING TO LOCAL REPORTERS PRIOR TO MEETING OF BOARD OF NEWLY FORMED ARAB CHEMICAL FERTILIZERS UNION, WHICH BASED HERE AND WHICH HE HEADS, NOURI SAID BASIC CAUSES OF DOWNTURN IN FERTILIZER PRICES WERE STOCKPILING IN CHINA, INDIA AND INDON-ESIA AND DELAY OF CULTIVATION SEASON IN US WITH RESULT THAT US FERTILIZERS WERE BEING EXPORTED. HE ALSO OBSERVED THAT US FIRMS WERE ATTRACTED TO EXPORT MARKET BECAUSE OF HIGHER PRICES AVAILABLE THAN IN US.

4. COMMENT: AS FAR AS WE CAN DETERMINE, KUWAITIS CAUTIOUS BUT NOT SO CONCERNED OVER FERTILIZER SITUATION THAT THEY INTEND TO DIMINISH PRODUCTION. HOWEVER, PLANS FOR EXPANSION AND USE OF FERTILIZER AS AID-IN-KIND LIKELY TO BE HELD UP FOR TIME BEING AS LEAST. PIC MANAGEMENT BELIEVES LONG TERM PROSPECTS ARE GOOD, AND WE NOTE AT LEAST ONE US FIRM DUE HERE SOON TO DISCUSS FERTILIZER IMPORTS INTO US.

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